Village Public Telephones

*408. SHRIMATI SHABANA AZMI :†

DR. T. SUBBARAMI REDDY :

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state :

(a) whether the Comptroller & Auditor General of India has pulled up the Department of Telecommunications for allowing a benefit of Rs. 812 crores to the private sector basic service operators inspite of their failure to install village public telephones;

(b) if so, whether this has resulted in a loss of Rs. 720 crores;

(c) if so, how many companies have failed in implementing the decision; and

(d) the steps being taken to provide rural phones to the people during the year 2003?

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI ARUN SHOURIE) : (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (d) Para 16.7.4 of report No. 5 of 2003 (Commercial) by the Comptroller & Auditor General of India states that "It was noticed by Audit in June, 2002 that the six Basic Telephone Service Providers installed only 846 VPTs as of March, 2002 against the committed number of 97,806 VPTs. As a result, 96,960 villages were left uncovered. The cost of providing 96,960 VPTs at the rate of Rs. 0.80 lakh per VPT on MARR system worked out to Rs. 775.68 crore whereas DOT/BSNL realised only Rs. 56.05 crore (Rs. 53.75 crore plus Rs. 2.30 crore interest) as Liquidated Damage Charges from the Six Basic Telecom Service Providers. Thus, the Basic Telecom Service Providers enjoyed an undue benefit of Rs. 719.63 crore. This also showed that the provision incorporated in the agreement for imposition of Liquidated Damage Charges on the Basic

†The question was actually asked on the floor of the House by Shrimati Shabana Azmi.

Telecom Service Providers for non provision of committed number of Village Public Telephones (VPTs) was kept enormously low, which totally failed to safeguard the interest of the DOT/BSNL."

Licences granted for operation of Basic Service in 1997-1998 to six private companies stipulated that Village Public Telephones will be provided in 97806 villages as a part of Roll-Out obligations. All of them have not been able to fulfil their obligations in the stipulated time frame. The details are given in the Statement-I (*See* below).

Since the process of setting up of VPTs by the Private Basic Service Operators is still being pursued and has not yet been completed, the calculation of loss of Rs. 720 crore would not be correct.

The steps being taken to provide rural phones during the year 2003-2004 are as follows :—

(i) Bharat Sanchar Nigam Limited (BSNL) has drawn up plans to provide 8.6 lakh connections in rural areas during 2003-2004.

(ii) Notices have been issued in May, 2003 to Private Basic Service Operators to provide VPTs as well as submit plans to provide balance VPTs by the end of 2003 after excluding the categories of villages identified as de-populated villages, villages with population less than 100, Naxalite or insurgency affected villages and to be covered by satellite media in the first phase, failing which steps for encashment of the Performance Bank Guarantee will be initiated. The fulfilment of the commitments given by the Private Basic Service Operators is closely monitored and Performance Bank Guarantee would be liable to be encashed in case of failure.

(iii) BSNL has planned to provide 11063 VPTs using Wireless in Local Loop (WLL) technology during 2003-2004. The balance 18006 VPTs will be set up *via* Satellite media subject to availability of funds.

(iv) The Bill to establish Universal Service Obligation Fund has been introduced in the Lok Sabha. It is proposed to provide support to the various Service Providers for maintenance of VPTs and replacement of MARR based VPTs, from this Fund.

Statement-I

VPT Status of Private basic service operators

VPTs	Bharti Telenet Ltd.	Tata Tele services Ltd.	Tata Tele services (Maha-rashtra) Ltd.	Reliance Telecome Ltd.	Shyam Telelink Ltd.	HFCL Infotel Ltd.	Total
Service Area	Madhya Pradesh (M.P.)	Andhra Pradesh (A.P.)	Maha-rashtra	Gujarat#	Rajasthan	Punjab	
Effective date of Licence	30/9/1997	30/9/1997	30/9/1997	30/9/1997	4/3/1998	30/9/1997	
No. of VPTs committed in first 3 years from effective date*	16500	9635	25760	8635	31834	5442***	97806
Cumulative 31-3-2002 No. of VPTs provided 31-7-2003 by BSO**	348 581	107 1314	160 2399	2 4114	209 2724	20 856	846 11988

* Licenses committed to meet the target of VPTs by 30-9-1998 in case of A.P., Gujarat, Punjab and by 30-9-99 in case of Maharashtra. For MP and Rajasthan, the same were to be completed by 30-9-2000 and 4-3-2001 respectively.

** Figures are as reported by the licensees.

*** As all villages have been covered in Punjab by BSNL, the faulty MARRs are replaced by the private licensees.

\# In Gujarat, 4202 are the villages which do not have a telecom facility. 2709 villages have phones but not a public phone.

SHRIMATI SHABANA AZMI : Sir, I would like to begin by thanking the Minister for giving such a detailed reply. However, I do not agree with him that "the calculation of loss of Rs. 720 crore would not be correct since the process of setting up of VPTs by the Private Basic Operators is still being pursued". The fact is that the BSNL has spent Rs. 93 crores for setting up rural telephones, which was an obligation of the operators. These private companies are way off from the target even today, a small amount of fine of Rs. 6.5 crores is hardly likely to push them to achieve their targets. Sir, throuth you, I wish to ask the hon. Minister what the Government proposes to do and what action it proposes to take against these firms which were supposed to provide 98,000 Village Public Telephones, but a mere 11,988 have been put up by them.

SHRI ARUN SHOURIE: Sir, I completely agree with Shabanaji in this regard and I will become very frank because the Members have often turned to this question of village telephony and are always asking why more stringent action has not been taken.

Madam, the real problem arises—I hope nobody will mind my saying this—in the licences that were originally given. These were drafted in 1996; they were given in 1997. For the information of the House, I would like to read out the clause. It is not that Rs. 6.5 crores have been collected, and actually there were two penalties prescribed, of Rs. 4 crores for not doing the VPT obligation, and Rs. 4 crores for nonperformance of other aspect, Roll-Out, and Rs. 53 crores were collected from those six firms to which the licences had been given. But I completely agree with you, Madam, that that is an inadequate amount for the type of obligation that is there, and I myself had this thing examined, why is it that we cannot put them to a more stringent penalty. The reason is the clause in the licence that was given says—it is clause No. 3.3:

"The licensee shall complete installation of all the necessary equipments and offer service"

—that is the first point—

"so as to meet the committed targets for the direct lines, Village Public Telephones, by the end of 24 months and 36 months after the effective date."

—and that gives the definition of the effective date.

"The obligation for Village Public Telephones under this clause will be to provide the first Public Telephone in the village which does not have a Public Telephone at all."

Sir, just see what happened. The clause says, "You will provide a first Public Telephone in the village which does not have a telephone at all." Then, it says,

"If all the villages in the service area have been provided with at least one Public Telephone by the Department of Telecom or the private operators, in such cases, this obligation shall cease to be applicable."

This is how it was drafted. What had happened? Sir, as you know, in Punjab for instance, every village has already been provided with a telephone. So HFCL, the Company which won the contract for the Punjab Cellular Service and the basic service, says, "No, we are under no obligation because you said, I should provide a public telephone where there is none, but there is one everywhere."

The second point is this. You will see in this clause that the time-limit is so flexible that after the time-limit passes, all that you can do is collect Rs. 4 crores, and Rs. 4 crores more; Rs. 8 crores, we have collected it everywhere. But everybody had undertaken an exercise, I myself have undertaken an exercise in this regard. We got other aspects of the licence examined. And there was a clause: "When your subscribers increase to such and such level, additional performance guarantees can be asked for." We doubled the performance guarantee, from Rs. 50 crores to Rs. 100 crores. Rupees 50 crores more! The result of that also, I must tell you is, HFCL has not even responded, and Shayam Telephones, Sir, which you know, in Rajasthan, they are also one of the defaulters in this regard. Members from Rajasthan know, they have just taken the matter to the court and obtained a stay on the additional performance guarantee. The lesson from that is that in giving these licences we must consult very good lawyers and have very stringent clauses in this regard. But I am pursuing this matter, and I hope that whenever an occasion arises, we will all work in this regard together.

SHRIMATI SHABANA AZMI: Is it true that 6,40,000 Indian villages are without telephones? As on March, 2001 rural telephone density was just 0.993 compared to urban telephone density of 10.16. The Total density was expected to have crossed one for rural areas, by March, 2002. How is this going to be achieved? Sir, this is a very complex matter, and the basic private operators are pointing out that, actually, BSNL has a distinct advantage because it has built up Rs. 1,00,000 crore asset from which it should pay for the losses on the VPTs and rural telephones.

A sort of fair solution that is being mooted by some is that all telephone companies, including BSNL, must contribute 5 per cent or more, if warranted, of their gross revenues into a Universal Access and Rural Telephony Fund. There must be a strict accounting and economic appraisal

of what are deficits on various types of services and whosoever is providing obligatorily mandated deficit-ridden services must be compensated. This would make the competition fair and equitable. What does the Government propose to do in this regard?

SHRI ARUN SHOURIE: Sir, firstly, the figure seems to be slightly awry. It is not that 6,40,000 villages do not have telephones. That is the total number of villages in India; 6,40,000.

SHRIMATI SHABANA AZMI: I am sorry.

SHRI ARUN SHOURIE: In fact, Madam, you will be happy to know that 5,17,000 have telephones. So, what is left is about a lakh or so, and we made a study of this remaining figure. The total number of revenue villages is 6,07,491 and the number of Village Public Telephones which have been provided by the private operators, as you have rightly said, is 11,632. I am emphasising this figure because people try to force us to roll back tariffs of BSNL. And just see the harm that will come! It is the BSNL alone which has given 5,05,381 villages the public telephones. One of the points to be safeguarded for this whole programme is the financial health of BSNL, and I am myself alarmed. What you have asked is what the Government is doing. Two years ago, the profit of BSNL was Rs. 6,500 crores. This year, because of the collapse of long-distance telephone rates, through which we used to finance village telephony, it has come down to Rs. 4,500 crores. Next year, we are fearing, it will come down to less than Rs. 500 crores if the present trend continues! So, we have to all help each other in safeguarding the health of BSNL. Sir, of the remaining one lakh villages, 27,000 villages are, actually, de-populated. They have existed in the earlier Census. They do not exist now, or they have less than 100 persons. There are 5,000 or 6,000 villages which are Naxalite-infested. There are insurgency problems going on. There are 25,668 villages which have to be tackled. They are so remote that you can only do it by satellite. The ISRO has been kind enough to say that they would help us in this regard. Even then, each satellite telephone is going to cost about Rs. 1,75,000. So, it is a problem which is now confined to, I believe, 32,000 villages, at present which we have to work out. The BSNL's target for this year and till the middle of next year is to provide 29,600 village telephony and, I fear, it is from next year that the real problem will start. One of the solutions to

that, as you were saying, is the Universal Service Obligation Fund, for which a Bill has already been introduced in the Lok Sabha. I hope, it will be passed today and we can bring it before this House. After that, the Fund can become operational. Last year an amount of Rs. 1,650 crores was collected and only an amount of Rs. 300 crores has been given to village telephony because the Fund was not created. So, I hope, we can proceed in this regard.

SHRI FALI S. NARIMAN: Mr. Chairman, Sir, I only wish to congratulate the Minister. I don't think that we ever had such an exhaustive reply to a question in this House for a long time. I think the Minister must be greatly congratulated on the sort of reply that he has given. But that is not the point that I make. The point that I wish to make, through you, Sir, is that the Convergence Bill is now virtually a dead letter. It has been postponed and getting postponed and it is not being introduced. One of the things mentioned in the Convergence Bill was the Universal Service Obligation as a compulsory item. I wonder why the Government, when it is certainly on record of promulgating Ordinances, one after the other, after the Parliament session and creating a lot of opposition in this regard, could not do it on a matter of such importance like Universal Service Obligation. Why did you wait for introducing a Bill and keeping it for so long? Why couldn't you do it through an Ordinance? It is far more important.

SHRI ARUN SHOURIE: Sir, I can't answer about the question why an Ordinance could not be issued. But there has been a delay. The Standing Committee gave a very detailed response. There are almost 100 recommendations, if my memory is right, in this regard. Naturally, as you know, Sir, several Ministries have to examine each one of those recommendations. Three Ministries are primarily involved - Telecom, IT and Information and Broadcasting. I can assure you that, as far as Telecom and IT Ministries are concerned, the detailed comments were given and there is no problem. There are one or two minor points where there is a departure from the recommendations of the Standing Committee. But the I & B Ministry is certainly deliberating. Its difficulties, in regard to the proposal and the provisions of the Bill, are the kind of regulator and the powers that he shall have. In Telecom, the only problem that we have faced is whether the licensing power of the Government should be given over to the regulator completely because very often, as you know, Sir, strategic considerations are also involved in Telecom. We are only waiting

for the recommendations of the I & B Ministry which, I hope, will come soon. It is one of the points which I can mention that the Prime Minister has listed the items on which he wants expeditious implementation in the coming months and the Convergence Bill has been listed as one of those items. I am again in touch with the Information and Broadcasting Ministry in this regard.

श्रीमती सविता शारदा: धन्यवाद, सभापति महोदय। माननीय मंत्री जी ने अपने जवाब में बताया कि गुजरात में 4202 गांव ऐसे हैं, जहां पर टेलीकॉम फैसिलिटी नहीं है और उसमें से 2709 गांव ऐसे हैं, जहां पर टेलीफोन तो हैं मगर पब्लिक टेलीफोन नहीं हैं। मैं मंत्री जी से यह पूछना चाहती हूं कि मंत्री जी, क्या आपको यह मालूम है कि एक गांव से दूसरे गांव को जोड़ने के लिए टेलीफोन कितना जरूरी है? इसके लिए क्या कोई आपने समय-मर्यादा तय की है, जिसमें कि आप बाकी गांवों में टेलीफोन सेवा दे देंगे? दूसरा, मैं यह पूछना चाहती हूं कि प्राइवेट कंपनियां जो हैं वे ग्रामीण क्षेत्रों में टेलीफोन सेवा देने में क्यों हिचकिचा रही हैं? उनके साथ क्या इस बारे में कोई आपक समाधान हुआ है? अगर हुआ है, तो उसका ब्यौरा क्या है ?

श्री अरुण शौरी: सभापति जी, दूसरे पार्ट का जवाब मैंने पहले दिया है कि हम उन पर कंटीनुअसली प्रेशर डाल रहे हैं, परफोरमेन्स गारंटी भी इन्क्रीज की है और मैं उसमें ज्यादा डिसकरेज भी नहीं हूं क्योंकि पिछले कोई चार महीने तक उनकी फिगर करीबन 10 हजार तक की थी, लेकिन परफोरमेंस गारंटी और प्रेशर डालने से उन्होंने अपनी कमिटमेंट भी दी हैं और हमने देखा है कि उस फिगर में, डेढ़ महीने में उन्होंने 1100 और विलेजेज में टेलीफोन लगाए भी हैं और मैं उम्मीद करता हूं कि ये रिस्पांसिबल कम्पनीज़ अपने कमिटमेंट्स और जो रिवाइज्ड प्लान हमें दे रही हैं, जैसे मध्य प्रदेश में भारती टेलिकॉम है, वे सारा सर्वे कर रहे हैं कि किन-किन विलेजिज में डिफिकल्टीज हैं because of inaccessibility and because of Naxalite difficulties और इसके अलावा वे अपनी कमिटमेंट्स देंगे और मुझे पूरा विश्वास है कि वे उसे कर सकेंगे।

*409. [The questioner (Shri Vijay J. Darda) was absent. For answer *vide* page..... *infra*.]

*410. [The questioners (Shri Ramachandra Khuntia) was absent. For answer *vide* page..... *infra*.]

*411. [The questioners (Shri Manoj Bhattacharya and Shri Kalraj Mishra) were absent. For answer *vide* page..... *infra*.]

*412. [The questioners (Dr. Prabha Thakur and Prof. Alka Balram Kshatriya) were absent. For answer *vide* page..... *infra*.]